
REGIONAL TRANSMISSION COST EQUITY COMMITTEE

Friday, July 29th, 2015
 1:00 PM – 2:00 PM
 11th Floor Conference Room
 Carvel State Building, Wilmington

Meeting Attendance

Committee Members

Present

Co-Chair Senator Harris B. McDowell III
 Co-Chair Representative Trey Paradee
 Senator Catherine Cloutier
 Representative Kevin Hensley
 Michael Morton

Email

Harris.McDowell@state.de.us
 Trey.Paradee@state.de.us
 Catherine.Cloutier@state.de.us
 Kevin.Hensley@state.de.us
 Michael.Morton@state.de.us

Absent

Senator David Sokola

David.Sokola@state.de.us

Committee Staff

Present

Joseph Cozza

Email

Joseph.Cozza@state.de.us

Public Attendees

Name

David Swayze
 Christine Schiltz
 Jamie Nutter
 Matthew Albright

Affiliation

Parkowski, Guerke, & Swayze
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 Wilmington News Journal

The meeting was called to order at 1:02 pm.

Senator Harris McDowell, Co-Chair, opened the first meeting of the Regional Transmission Cost Equity Committee, as established by Senate Concurrent Resolution 90, by acknowledging the invitation of representatives from the Maryland and Virginia General Assemblies to join the committee ad hoc members on Monday, July 25th. He then began to address the first item on the agenda, approval of the internal operating procedures for the committee.

Approval of the Internal Operating Procedures

Senator Harris McDowell asks if members have any questions regarding the draft Internal Operating Procedures introduced at the meeting. Seeing none, Senator McDowell motions for a vote to approve the Internal Operating Procedures for the committee. The first motion to approve the Internal Operating Procedures was made by Representative Kevin Hensley, this motion was seconded by Controller General

Mike Morton. The Internal Operating Procedures for the Regional Transmission Cost Equity Committee were approved unanimously.

Discussion and Approval of the Intervention Petition

Senator McDowell then introduces the draft Intervention Petition to be submitted to Federal Energy Regulation Commission (FERC). He notes that pages 4 and 5 spell out the reasons the Regional Transmission Cost Equity Committee is filing the petition to intervene, stating that the PJM plan fails every judicial test for cost allocation.

Michael Morton asks who gets the benefits of PJM's plan if Delaware, Maryland and Virginia are footing the bill. McDowell responds that it is a difficult question to answer, but it is partially the owners of Three Mile Island, who would get more of their power delivered to a wider range of people. The Senator believes they are looking to expand west.

Representative Paradee then explains that the operators of the Salem Nuclear Plant want to keep it running at full capacity, but the infrastructure (lines and substations) around Hope Creek and Salem is not robust enough to handle that much electricity if there is low demand further out in the grid. Representative Paradee says 26 proposals were submitted to solve this problem and PJM's plan was the winning approach. The plan is to put in a new line and substation on the Delaware side to draw power away from Salem and Hope Creek and disperse it out among the grid. Representative Paradee states that this is not a Delaware problem, it is a problem for the operators of Salem and Hope Creek. Representative Hensley and Jamie Nutter note that those operators are Exelon and PSCG. Representative Paradee then continues that it is 12 states and the District of Columbia that are benefiting as part of the PJM grid. Historically, when they allocate costs for any type of transmission line, they have a history and formula they follow depending on where they line is initiated and where it terminates, and that is the same approach applied to this project. This is a unique situation, it is not a line that is being put in just to benefit Delaware or Maryland, it is being put in to benefit the operators of the plant and all of the rate payers of the entire grid.

Mike Morton asks if the other receivers on the grid paying anything. Senator McDowell responds that they are paying for the demand and the energy that they receive. Representative Paradee then says he does not believe they are paying for the line.

Senator McDowell says that the other complicating factor is PJM's responsibility to keep demand balanced with supply. He also notes that our region has done a good job of reducing demand so projections of baseload demand from 2000 are much higher than is actually the case now in 2016.

Senator McDowell then directs those present to the bottom of page 3 of the draft Intervention Petition, which recognizes that "the Delaware Public Service Commission and Maryland Public Service Commission represent the interest of ratepayers as a whole, and have done so convincingly in their request for re-hearing, the Committee has a unique and broader role in the protection of Delmarva

Peninsula citizens, businesses and their economies generally. As such, the interests of this Committee are not adequately represented by any other party to these proceedings.” Senator McDowell notes that this passage is key to the petition to FERC, even if in the end they are in the same position as both Public Service Commissions.

Senator McDowell then asks if anyone can see any flaws with the draft Intervention Petition or if anything has been left out or needs to be corrected. When asked who drafted it by Representative Paradee, Senator McDowell says various attorneys have worked with the Controller General’s office. Mike Morton notes that the Delaware and Maryland Public Service Commissions are on board. Senator McDowell adds that both Public Service Commissions have filed their own intervention petitions.

Representative Paradee then asks the procedure for getting the Intervention Petition filed with FERC and if FERC is able to deny the Committee the right to intervene. Senator McDowell says that the Committee has to file Monday, August 1st. Jamie Nutter says that there is no firm, hard deadline because the time has already passed, so the Committee would be filing a petition for late intervention, which has its own set of guidelines. To be granted, the Committee must have good cause and represent a stakeholder with an interest in what is before FERC that is not already represented by other parties to the proceedings. Jamie Nutter suggests the Committee get an overview from the Public Service Commission or the Public Advocate or PJM of the project, the requests for solutions that were issued by PJM, the project that was awarded, and how the cost allocation is determined by PJM under current rules, and the proceedings that have already taken place by FERC because by intervening late you are binding yourself to the existing proceedings, which the Delaware and Maryland Public Service Commissions and the Public Advocate challenged the rules, saying it is not a demand based project but a stability based project, thus the rules for demand based projects should not apply in this particular cost allocation. He notes that FERC issued an opinion in April that denied the initial complaint and then a re-hearing granted in June, so it is still before the Commission, but there is no set deadline for when the Commission needs to act, it could be anywhere from 30 days to two years or beyond. Jamie Nutter also notes that FERC is going through changes because they are down a commissioner with one retiring. He also recommends intervening as soon as possible.

Mike Morton asks what our odds are of changing the ruling or getting a full re-hearing. Senator McDowell says the Committee should have a good shot since they are on the same page as both Public Service Commissions. Christine Schiltz says that the original hearing was 3-1 and there was a very strong dissenting opinion. Senator McDowell says the Committee is adding more weight to the scale FERC is using to measure

Senator McDowell asks if there are any further questions for discussion. Seeing none, Senator McDowell motions for a vote to approve the Intervention Petition. The first motion to approve the Internal Operating Procedures was made by Mike Morton; this motion was seconded by Representative Paradee. The Regional Transmission Cost Equity Committee’s Intervention Petition was approved unanimously.

Senator McDowell says there is any other business before the committee and offers the opportunity for public comments or questions. Seeing none, Senator McDowell asks the members for any final thoughts.

Senator McDowell asks if the Committee dies with the start of the next General Assembly, but says he does not believe it does. He suggests another meeting before the start of the next General Assembly.

Senator McDowell motions to adjourn the Committee meeting. The first motion to approve to adjourn was made by Representative Hensley; this motion was seconded by Mike Morton. The Regional Transmission Cost Equity Committee unanimously voted to close the meeting at 1:29 pm.

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